



BUSINESS MEETING OF THE  
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, February 12, 2013  
Lansing District Office  
7150 Harris Drive  
Lansing MI 48909

Present: Andrew J. Deloney, Chairman  
Teri L. Quimby, Commissioner  
Dennis Olshove, Commissioner

Absent: None

Staff: Steve Robinson, Director of Finance Division  
Julie Wendt, Director of Executive Services Division  
Kerry Krone, Business Manager  
Anita Fawcett, Executive Services Division

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The meeting was called to order by Chairman Deloney at 11:40 a.m., noting a quorum was present.

- I. **Moved by Commissioner Olshove, supported by Commissioner Quimby, that the minutes of the Commission meeting of February 5, 2013, be approved as written and presented, motion carried by unanimous vote.**
- II. Mr. Robinson presented the E-Quote reports for product listings in four categories and requested approval of the following:
  - A. That the products listed below be granted exceptions to the standard pack size, inasmuch as the items are packaged nationally or meet other exceptions as indicated and be approved for listing in the approved products list effective March 3, 2013:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Jim Beam Brands Co.	50ml Pinnacle Blackberry PL Vodka	96 Bottles
(NWS Michigan, Inc.)	50ml Pinnacle Gin PL	96 Bottles
	50ml Pinnacle PL Vodka	96 Bottles

Cooper Spirits International, LLC (NWS Michigan, Inc.)	750ml Crème Yvette Liqueur	6 Bottles
	750ml Hochstadter's Slow & Low	6 Bottles
William Grant & Sons, Inc. (General Wine & Liquor Co.) Heaven Hill Distilleries, Inc. (General Wine & Liquor Co.)	750ml Art in the Age Rhubarb	6 Bottles
	750ml Art in the Age Snap	6 Bottles
	750ml Elijab Craig Small Batch 12 yr.	6 Bottles
Jomada Imports, LLC (NWS Michigan, Inc.)	750ml Grand Mayan Silver Tequila	6 Bottles
	750ml Grand Mayan Ultra Aged Tequila	6 Bottles
	750ml Riazul Premium Plata Tequila	6 Bottles
	750ml Yacht Club Vodka	6 Bottles
MHW, Ltd. (NWS Michigan, Inc.)		
M.S. Walker, Inc. (NWS Michigan, Inc.)	750ml Grand MacNish 15 yr. Scotch	6 Bottles
Phillips Products Co., LLC (General Wine & Liquor Co.)	50ml Ice Hole Cinn Hot as Hell PL	60 Bottles
	375ml Revel Stoke Straight Whiskey	12 Bottles
	50ml Revel Stoke Straight Whiskey PL	60 Bottles
	200ml UV Salty Watermelon Vodka	24 Bottles
	375ml UV Salty Watermelon Vodka	12 Bottles
	50ml UV Salty Watermelon Vodka PL	60 Bottles
	200ml Pearl Gin PL	24 Bottles
Luxco, Inc. (General Wine & Liquor Co.)		
Skyy Spirits, LLC (General Wine & Liquor Co.)	50ml Skyy Infusion Moscato Grape PL	72 Bottles
	50ml Skyy Infusion Wild Strbrry PL	72 Bottles

**B.** That the following requests for addition of product to the approved products list be approved for listing, effective March 3, 2013:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	375ml Jim Beam Honey Bourbon	24 Bottles
	750ml Jim Beam Honey Bourbon	12 Bottles
	1000ml Jim Beam Honey Bourbon	12 Bottles
	50ml Jim Bean Honey Bourbon PL	120 Bottles
	1750ml Kamchatka Cherry Vodka PL	6 Bottles
	1750ml Kamchatka Grape Vodka PL	6 Bottles
	1750ml Kamchatka Whipped Vodka PL	6 Bottles
Heaven Hill Distilleries, Inc. (General Wine & Liquor Co.)	750ml Burnett's Cherry Cola Vodka	12 Bottles
	750ml Burnett's Strawberry Banana	12 Bottles
	750ml Burnett's Tropical Fruit PL	12 Bottles
	375ml Evan Williams Cinnamon Rsv PL	24 Bottles

Olaf Dahlberg (NWS Michigan, Inc.) Phillips Products Co., LLC (General Wine & Liquor Co.)	750ml Maxime Trijol VSOP Cognac	12 Bottles
	750ml Maxime Trijol VS Cognac	12 Bottles
	750ml Ice Hole Cinn Hot at Hell	12 Bottles
	750ml Revel Stoke Straight Whiskey	12 Bottles
	1750ml UV Citrus Vodka PL	6 Bottles
	750ml UV Salty Watermelon Vodka	12 Bottles
	1000ml UV Salty Watermelon Vodka	12 Bottles
	750ml UV Salty Watermelon Vodka PL	12 Bottles
	1750ml UV Salty Watermelon Vodka PL	6 Bottles
	750ml Three Olives M Monroe Strwbry	12 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)		
Luxco, Inc. (General Wine & Liquor Co.)	750ml Pearl Gin	12 Bottles
	1000ml Pearl Gin	12 Bottles
	50ml Pearl Gin PL	120 Bottles
	375ml Pearl Gin PL	24 Bottles
	1750ml Pearl Gin PL	6 Bottles
	50ml Pearl Rainbow Case #4 PL	120 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	1000ml Bulleit 95 Rye	12 Bottles
Winery Exchange, Inc. (General Wine & Liquor Co.)	750ml Ice Cloud Vodka	12 Bottles

That the request of Grand Traverse Distillery, L.L.C., holder of 2013 Small Distiller license, for addition of the following product to the approved products list, be approved for listing, effective March 3, 2013; further prior to any sale and distribution of this product through the Commission's spirit distribution system, Grand Traverse Distillery, L.L.C., must submit and receive Commission approval for an amended liquor quotation which designates an Authorized Distribution Agent for this product:

<u>PRODUCT</u>	<u>PACK SIZE</u>
750ml Old George Double Barrel Rye	12 Bottles

**B.** That the following requests for addition of product to the approved products list be approved for listing, effective March 31, 2013:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Western Spirits Beverage Company, LLC (General Wine & Liquor Co.)	1750ml Kru 82 Vodka	6 Bottles

C. That the following requests for promotional or special packaging be approved for listing, effective March 3, 2013:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Jim Beam w/50ml Jacobs Ghost	12 Bottles
Proximo Spirits, Inc.	200ml 1800 Coconut w/50ml 1800 Silver	24 Bottles
(General Wine & Liquor Co.)	375ml 1800 Coconut w/50ml 1800 Silver	12 Bottles
Skyy Spirits, LLC	750ml Wild Turkey Amer Hny w/50ml WT81	12 Bottles
(General Wine & Liquor Co.)		

D. That the following requests for deletion of product from the approved products list be approved for delisting, effective March 31, 2013:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Western Spirits Beverage Company, LLC (General Wine & Liquor Co.)	1750ml Kru 82 Vodka	4 Bottles

**Moved by Commissioner Olshove, supported by Commissioner Quimby, that the above actions be taken in accordance with the E-Quote reports dated February 8, 2013, motion carried by unanimous vote.**

III. Mr. Robinson presented a request from Bacardi U.S.A., Inc., for the approval of a product transfer involving the brands of St. Germain liqueurs, to be effective April 28, 2013. He advised that Bacardi U.S.A., Inc. has acquired the brands from Cooper Spirits International, LLC, and that the ADA change would consolidate the warehousing and delivery responsibility along with broker representation for all Bacardi U.S.A., Inc. products.

Mr. Robinson presented a request from Luxco, Inc. for the approval of a product transfer involving the brands of Bellows rum, gin and scotch, Calvert Gin, Lord Calvert Canadian Whiskey, Canada House Whiskey, and Wolfschmidt Vodka, to be effective April 28, 2013. He advised that Luxco, Inc. has acquired the brands from Jim Beam Brands Co. and that the ADA change would consolidate the warehousing and delivery responsibility along with broker representation for all Luxco, Inc. products.

Chairman Deloney advised there were numerous audience members who wished to speak on the change of ADA request from NWS Michigan, Inc. (NWS) to General Wine and Liquor Company, Inc. (GWL) involving the transfer of products from Jim Beam Brands Co. to Luxco, Inc. He requested that the presentations be limited to five minutes so that everyone would have an opportunity to speak.

John Baker, COO for National Wine & Spirits, Inc., thanked the Commission for the recent ADA fee increase and gave a brief history of the role of NWS in the Michigan ADA system. He stated that the ADA system has high fixed costs and while 100,000 cases of product moving from NWS to GWL seems like a small percentage of cases, it would equal approximately \$1,000,000.00 in lost revenue for NWS. Mr. Baker advised that NWS has had to freeze wages for the last few years because there has been no ADA fee increase and NWS is now in the process of negotiating with four unions because of the recent ADA fee increase. He stated the loss of the 100,000 cases cuts the ADA fee increase in half and jeopardizes the negotiations with the unions.

Employees of NWS, Joseph Townsend, Bill Cross, and Leslie Dively discussed the benefits of working for NWS, the absence of wage increases over the past two years, and the financial impact the approval of the transfer of the products to GWL will have on the NWS, its employees and the neighboring communities.

Tom Lenhard, business representative from Teamsters Union Local 337, advised he represents 110 workers at the warehouse facility of NWS and requested that the ADA change for the products not be approved by the Commission. He stated if it is approved it will be an economic detriment to the workers in this facility as well as the surrounding area.

Mr. Baker stated that NWS is primarily an ADA while GWL is primarily in the wine business. He indicated that he has not heard any legitimate reasons to move the warehousing and delivery of the products from NWS to GWL. Mr. Baker expressed high level concern regarding the threshold of products moving from one ADA to another which could be considered as possibly jeopardizing and destabilizing the ADA system. He stated that NWS provides excellent customer service and is certain NWS can continue to handle the warehousing and delivery of these products.

Terry Doherty, General Sales Manager for GWL, advised there would be no disruption of service when the ADA change request is approved as GWL can handle the warehousing and delivery of the extra cases. He advised that in 2010 two significant ADA changes took place when more than 500,000 cases changed

from GWL to NWS. Mr. Doherty stated GWL did not petition the Commission to prevent the transfer of half a million cases to NWS as this is the nature of the business. Mr. Doherty urged the Commission to approve the ADA change request.

Brian Pizzuti, Vice President of Sales for NWS, indicated that there was in fact a large quantity of cases that were moved from GWL to NWS and as a result former Chairperson Nida Samona put in place a system that would deal with the concerns surrounding ADA product changes through the issuance of an Administrative Order. He requested that the Commission take into consideration that Jim Beam Brands Co. remains the brand owner until March 1, 2013, therefore the ADA change request cannot be considered until the ownership of the brand is established.

Mr. Robinson advised it has been the past practice to request ADA changes for products early, so the codes can be in the system by the price book deadlines.

Chairman Deloney asked for a copy of above noted Administrative Order and other supporting documents for Commission review. Commissioner Quimby provided an overview of the pertinent statutes and administrative rules relative to written agreements and contractual relationships between suppliers and ADAs.

Chairman Deloney made a motion to enter into a closed session meeting to discuss a confidential legal memorandum with the Assistant Attorneys General, supported by Commission Quimby, a roll call vote was taken:

Chairman Deloney	Aye
Commissioner Quimby	Aye
Commissioner Olshove	Aye

The Commission entered into a closed session at 12:25 p.m.

The Commission returned to the Business Meeting at 1:35 p.m.

Chairman Deloney stated the Commission takes this matter very seriously and realizes it is a sensitive issue. He advised that the Commission has reviewed the confidential legal memorandum with the Assistant Attorneys General and wants to be sure the Commission considers all appropriate legal aspects of this matter. Chairman Deloney stated the two (2) requests for ADA changes would be tabled and taken up at a Business Meeting scheduled on Friday, February 15, 2013, at 10:00 a.m. in the Lansing office. He indicated that an agenda will be prepared and properly posted as required and sent to those individuals on file that have requested to be notified of these meetings.

**IV. Old Business**

There was no Old Business.

**V. New Business**

There was no New Business.

**VI. Public Comments**

There were no Public Comments.

**With no further business, moved by Commissioner Olshove, supported by Commissioner Quimby, that the business meeting be adjourned at 1:40 p.m., motion carried by unanimous vote.**

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Andrew J. Deloney  
Chairman

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Anita Fawcett  
Executive Services